

OA 91 Criminal Complaint

United States District Court

NORTHERN

DISTRICT OF

CALIFORNIA

UNITED STATES OF AMERICA
V.

RUDOLPH KERMIT KING, a.k.a. KLEVER ROSALES

CRIMINAL COMPLAINT

Case Number: 4-07-70684
3

(Name and Address of Defendant)

FILED
NOV 14 2007
RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIAB2
11/14/07

I, the undersigned complainant being duly sworn state that the following is true and correct to the best of my knowledge and belief. On or about September 20, 2007 in Santa Clara County, in the Northern District of California defendant(s) did,

(Track Statutory Language of Offense)

Rudolph Kermit King, aka Klever Rosales, a resident of Miami, Florida, made and presented to United States Treasury Department a claim against the United States for payment, which he knew to be false, fictitious, or fraudulent, by preparing and causing to be prepared, a letter with attachments including a U.S. Corporation Income Tax Return, Form 1120; a Claim for Refund and Request for Abatement, Form 843; and a money order, which were presented to the United States Treasury Department, through the Internal Revenue Service, wherein he claimed a refund of taxes in the amount of \$2,700,000 knowing such claim to be false, fictitious, or fraudulent.

in violation of Title 18 United States Code, Section(s) 287

I further state that I am a(n) Special Agent, Internal Revenue Service and that this complaint is based on the following facts:
See Attachment

Continued on the attached sheet and made a part hereof:

☒ Yes ☐ No

Approved

As To

Form:

AUSA

Thomas Moore

Name/Signature of Complainant

Sworn to before me and subscribed in my presence,

Date

14 Nov 07

at

City and State

SE Al
Bernard ZimmermanName & Title of CHAMBERS OF MAGISTRATE JUDGE
BERNARD ZIMMERMAN

Signature of Judicial Officer

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Jus

IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF CALIFORNIA

AFFIDAVIT FOR ARREST WARRANT

I, PATRICK ERNST, Special Agent, Criminal Investigation, Internal Revenue Service, Department of the Treasury, being duly sworn, state as follows:

- a. I make this Affidavit in support of an application for issuance of arrest warrant for RUDOLPH KERMIT KING, a.k.a. KLEVER ROSALES (hereafter ROSALES).
2. There is probable cause to believe ROSALES committed a criminal offense against the United States, namely, filing a false claim in violation of Title 18 USC § 287 in 2007.

BACKGROUND OF AFFIANT

3. I am employed as a Special Agent with the United States Department of Treasury, Internal Revenue Service, Criminal Investigation (IRS-CI) in Oakland, California. I have been employed in this capacity since March of 2005. Prior to becoming a Special Agent, I was employed by the IRS as a Revenue Agent for 17 months. As a Revenue Agent, I investigated and examined individual and business tax returns to

determine compliance with the Internal Revenue Code. During my investigations, I decided which issues to pursue by examining documents, analyzing accounts and conducting extensive interviews. I frequently utilized government resources and databases including Choicepoint and LexisNexis in order to verify income, assets and other information reported on tax returns. I am experienced in issuing summonses, interviewing subjects, and auditing income and expense accounts. Additionally, I was employed as financial auditor with PricewaterhouseCoopers, LLP for one year. As a financial auditor, I tested balance sheet and income statement accounts through the use of analytical procedures and substantive testing. Analytical procedures include generating spreadsheets based on information obtained and analyzing the data for discrepancies, trends and unusual items. I investigated companies' property and equipment to ensure its existence and valuation on the balance sheet. I reviewed banking and financing agreements for compliance with the terms of the contracts. I evaluated, analyzed and compared financial documents, including bank statements and investment reports, in order to trace cash into various accounts and project financial trends. Furthermore, I conducted interviews with officers of large companies to determine internal controls and financial processes.

4. I attended the Federal Law Enforcement Training Center (FLETC) at

Glynco, Georgia, for six months where I learned various law enforcement techniques and financial investigations. I have been trained in the areas of Federal tax laws, money laundering statutes and other related financial crimes. During my training, I was required to write an affidavit for a search warrant as well as participate as the team leader in the execution of the search warrant. Since I have returned from training, I have been an affiant on a search warrant affidavit and have participated in the execution of multiple search warrants. During these search warrants I have acted as a team leader, co-team leader, evidence custodian, searching agent and photographer. My responsibilities included searching for evidence; photographing, bagging and properly tagging evidence; planning the search warrant and contingency procedures; assigning agent responsibilities; briefing the search warrant team and interviewing witnesses. Additionally, I have participated in the execution of multiple arrests. During these arrests I have acted as team leader, arresting agent and cover agent. I earned a Bachelor of Science degree in accounting in 2000 from Westminster College in Salt Lake City, Utah and a Master's degree in Professional Taxation in 2001 from Weber State University in Ogden, Utah.

ORIGIN OF INVESTIGATION

5. This investigation was initiated as a referral from Local Taxpayer Advocate John Tam with the Taxpayer Advocate Service (hereafter TAS) on October 26, 2007. The subject of this investigation is an individual using the name KLEVER ROSALES (hereafter ROSALES) and his company SALUTE GREATNESS, INC (hereafter SGI).
6. ROSALES is President of SGI which, according to IRS records, was established in June of 2007. SGI is located in Beverly Hills, California. ROSALES' scheme involves making a fraudulent payment to the IRS and then quickly submitting a claim for refund on the fraudulent amount. The goal of this fraudulent scheme is to have a refund paid to ROSALES before the U.S. Federal Government discovers the initial payment from ROSALES was fraudulent.
7. On or about July 26, 2007, ROSALES submitted a fraudulent international money order payment to the IRS in the amount of \$2.7 million. ROSALES subsequently contacted the TAS and requested an expedited refund for the above amount. ROSALES claimed the payment was made in error and wanted the funds returned as soon as possible.

8. On September 20, 2007, ROSALES faxed a fraudulent claim to the TAS for the amount of \$2.7 million, along with additional documents which appear to be fraudulent, in order to substantiate his false claim. Since then, ROSALES has submitted additional documents which appear to be fraudulent to the TAS and IRS – Criminal Investigation in order to substantiate his fraudulent claim for refund. ROSALES currently anticipates a refund in the amount of \$2.7 million.
9. The evidence presented in this affidavit will show probable cause that ROSALES intended to defraud the U.S. Federal Government of \$2.7 million in 2007 through the use of a false claim he submitted to the TAS in violation of Title 18, U.S.C. §287.

FACTS IN SUPPORT OF PROBABLE CAUSE

Summary of Tax Return Information

10. KLEVER ROSALES -

ROSALES filed a 2003 individual tax return reporting tax due of six (6) dollars. ROSALES has not filed an individual tax return since.

11. SALUTE GREATNESS, INC -

Per IRS records, ROSALES established SGI in June of 2007.

ROSALES has not filed a tax return for SALUTE GREATNESS, INC.

Additionally, IRS does not have record of a claim for refund being filed by SALUTE GREATNESS, INC.

Consistent Address Errors on Documents Submitted by ROSALES

12. ROSALES submitted multiple documents to TAS and IRS-CI. These documents are purportedly from a variety of sources, however majority of these documents contain similar address errors. In these documents, the principle city of business for SGI is in the city of Beverly Hill instead of Beverly Hill(s). This address error is detected on the following documents submitted by ROSALES in order to substantiate his false claim of \$2.7 million:

- Copy of Citibank International Money Order for \$2.7 million with accompanying Form 8109-B
- Copy of Form 843 – Claim for Refund in the amount of \$2.7 million
- Copy of 2006 Form 1120 Corporate Tax Return for SALUTE GREATNESS, INC.
- Copy of Letter from Citibank Credit Department for account
- Copy of a judgment by the Supreme Court of the British Virgin Islands
- Copy of the Articles of Incorporation for SGI dated October 23, 2006

International Money Order Payment


13. On or about July 11, 2007, ROSALES submitted a fraudulent Citibank International Money Order payment on behalf of SGI to the Internal Revenue Service in the amount of \$2.7 million. A Federal Tax Deposit coupon (Form 8109-B) accompanied the money order. The deposit coupon reports SGI'S address and telephone number as:

"SALUTE GREATNESS, INC.
9663 Santa Monica Blvd. #739
Beverly Hill, CA 90210
1-800-916-4022"

14. This payment was credited to SGI'S 2007 IRS Business Master File account for the above amount on July 26, 2007. Later, the credit was reversed due to the money order being dishonored. Additionally, the address error of Beverly Hill instead of Beverly Hill(s) is noted on the coupon. Based on the above information and my experience, this document appears to be fraudulent and used to further the scheme.

Form 843 - Claim For Refund

15. On September 20, 2007, ROSALES faxed Form 843 - Claim for Refund in the amount of \$2.7 million. On Form 843, ROSALES signed

to TAXPAYER ADVOCATE SERVICE  11/14/07

as President of SGI and the following is handwritten under the explanation section:

“Not liable for tax return on Form 1120. Deposit made in error. Please closed filing requirements for Form 1120 and return deposit as soon as possible. Thank you.”

16. IRS has no record of this claim being filed.

SGI Wachovia Bank Account

17. On October 25, 2007, ROSALES faxed the TAS a Wachovia deposit slip and check copy for account number , which he wanted the \$2.7 million refund wired to. The account is under the following name and address:

“Salute Greatness Inc.
9663 Santa Monica Blvd.
Beverly Hill CA, 90210”

18. Again, the address error of Beverly Hill instead of Beverly Hill(s) is present. Additionally, the comma is placed after CA, instead of before it.

2006 Form 1120 SGI Corporate Tax Return

19. On September 20, 2007, ROSALES faxed a copy of a 2006 Form 1120 – Corporate Income Tax Return for SGI to TAS. On this Form 1120, ROSALES signed as President of SGI and reports zero tax due and owing. Additionally, the Form 1120 reports that it is the initial return and final return of the corporation. Further, only two lines on the return were completed: Line 32b – estimated tax payment of \$2.7M and Line 35 – Overpayment of \$2.7M.

20. IRS has no record of SGI'S 2006 or 2007 corporate tax returns being filed.

21. Based on the above information and my experience, this document appears to be fraudulent and created in furtherance of the scheme.

Letter from Citibank Credit Department for Account

22. On September 12, 2007, TAS requested documentation from ROSALES showing a hardship in order to initiate a manual refund. On September 20, 2007, ROSALES faxed a copy of a letter from Citibank Credit Department to TAS. The letter is in regards to account number [REDACTED] and states that unless ROSALES makes a payment to Citibank in the amount of \$2.6 million by October 2, 2007, his credit privileges will be suspended. The letter is addressed to:

"Mr. Klever Rosales

President

Salute Greatness #739

9663 Santa Monica Blvd

Beverly Hill CA, 90210"

23. In addition to the city name of Beverly Hill being used instead of Beverly Hill(s), there are other errors apparent in the address. The suite number of 739 is erroneously placed after the company name of Salute Greatness instead of being placed after the street address. Additionally, the comma is placed after CA instead of before it. These errors would not likely be made by Citibank in generating a letter for a customer who holds a \$2.6 million credit. In addition to the errors made in the address, the letter date is written in the unconventional European format as "20th September 2007".

24. The letter is signed by Penny Yamaguguchi in the Credit Department.

John Tam with TAS visited a local Citibank and asked a bank officer to do an employee search for either Penny Yamaguchi or Penny Yamaguguchi. The names did not appear in either the Citibank or the Citigroup databases and appears that Citibank does not have an employee by the name of Penny Yamaguguchi.

25. Based on the above information and my experience, this document appears to be fraudulent and created in furtherance of the scheme.

Citigold Service Statement for Account

26. On October 2, 2007, TAS requested that ROSALES provide copies of SGI'S bank statements to substantiate his claim that he obtained and sent a Citibank International Money Order. On October 19, 2007, ROSALES faxed a two-page Citigold bank statement to TAS.

27. The Citigold statement is addressed to:

"Salute Greatness
9663 Santa Monica Blvd #739
Beverly Hills CA 90210"

28. The statement is for account number for the period September 3, 2007 through October 3, 2007 and reports an opening balance of \$5,527.27, foreign transaction fees, service charges, large withdrawals and an ending balance of \$188.62.

29. It is important to note that the Citigold account number of is similar to the account number of referenced on the

fraudulent Citibank Credit Department letter received from ROSALES (referenced in Para. 22).

30. Based on the above information and my experience, this document appears to be a legitimate Citigold statement.

Court Document from the Supreme Court of the British Virgin Islands

31. On October 23, 2007, ROSALES faxed a court document of the Supreme Court of the British Virgin Islands to TAS. ROSALES faxed this document in order to show a financial hardship for his claim of \$2.7 million. The document is a judgment by the Supreme Court of the British Virgin Island, Equity Side. The judgment by the Honourable Mr. Justice Anthony Davis orders SGI to pay First National Bank located on Port Street the sum of \$2.895 million .

32. The document reads: "The court doth orders and directs that Salute Greatness Inc. 9663 Santa Monica Blvd Beverly Hill Ca pays the Plaintiff the said amount on or before The 29th October 2007". Again, the same address error of using the city name of Beverly Hill instead of Beverly Hill(s) is present.

33. Susan Hartford, Technical Advisor to the Special Counsel, National Taxpayer Advocate, contacted the High Court of the Government of

the British Virgin Islands. She spoke with the case manager, Mrs. Sylvester. According to Mrs. Sylvester, although the High Court is often referred to as the Supreme Court, in court filings, it is generally captioned as the High Court. In addition, she said all court filings bear a case number, which this one does not. Further, there is no Justice Anthony Davis, nor is there a First National Bank of the BVI or a Port Street. Lastly, Mrs. Sylvester has been with the High Court for 18 years and has never seen "Equity Side" printed as part of the case caption.

34. Based on the above information and my experience, this document appears to be fraudulent and created in furtherance of the scheme.

Articles of Incorporation for SALUTE GREATNESS INC

35. On November 5, 2007, ROSALES faxed Articles of Incorporation for SGI with a document number of _____ to a UCA with IRS – CI. The document contains a cover sheet with the caption "Certified Copy" at the top. Below the caption is a certification which reads:

"I certify the attached is a true and correct copy of the Articles of Incorporation of SALUTE GREATNESS INC, a Florida

corporation, filed electronically on October 22, 2006, as shown by the records of this office."

36. The document is stamped with a copy of the seal of the State of Florida and dated October 23, 2006. Under Article II, SGI'S address is located in the city of "Beverly Hill" (missing an "s"). Under Article VII, KLEVER ROSALES is listed as President ("P") and Rudolph King is listed as Vice-President ("VP").

Authentication of SGI Articles of Incorporation

37. IRS-CI obtained an electronic copy of SGI'S Detail by Entity Name report and the Articles of Incorporation for SGI from the office of the Florida Secretary of State. The Articles of Incorporation does not contain a "Certified Copy" cover sheet as ROSALES' copy did. Additionally, the document reports that the Articles of Incorporation for SGI were filed on October 22, 2007 not October 22, 2006 as documented in ROSALES' copy. Also, the date of October 22, 2007 was removed from the heading of each page from the copy provided by ROSALES.

38. In Article II from the Florida Secretary of State contains the same addressee error of "Beverly Hill". Under Article VII of this document, Rudolph King Dr. is listed as President ("P"). The names of KLEVER

ROSALES listed as President ("P") and Rudolph King is listed as Vice-President ("VP") appear to have been added to the copy provided by ROSALES.

39. Based on the above information and my experience, the copy of SGI'S Articles of Incorporation provided by ROSALES appear to be fraudulent and created in furtherance of the scheme.

Business Address and Potential Alternate Identities

40. ROSALES submitted the above stated documents showing that SGI'S principle place of business was 9663 Santa Monica Blvd. #739, Beverly Hill(s), CA 90210. This address was determined to be a mail drop at a Mail Boxes Etc. location. Postal Inspector Andrew Wong faxed the Application for Delivery of Mail Through Agent for the above address. The application contains the following information:

- Applicant Name: Kermit King with KHGF International
- Two forms of ID:
 1. DL #: [REDACTED] in the name of Rudolph Kermit King Dr.
(Photocopy)
 2. Costco Membership Card # [REDACTED]
(photocopy)
- Applicant Home Address: [REDACTED]
- Telephone Number: 1-800-916-4022

41. It is important to note that the telephone number 1 (800) 916-4022 matches the telephone number written on the copy of the Federal Tax Deposit coupon (Form 8109-B) that accompanied the copy of the Citibank International Money Order provided by ROSALES to TAS (referenced in Para. 13).

42. In addition to the above items, the following ID photocopies are also present in the Mail Boxes Etc. application:

- U.S. Visa for Klever Emiliano Rosales Ramirez (Control Number [REDACTED])
- Venezuelan Passport for Rosales Ramirez

ID Verification

43. Roksana Houge (hereafter Houge), a representative from the U.S. Department of State, confirmed that the above U.S. Visa for Klever Emiliano Rosales Ramirez is authentic. Houge stated that Rudolph Kermit King was also issued a U.S. Visa in 1998 and renewed the Visa in 1999.

44. A Lexus Nexus search on KLEVER ROSALES revealed no information; however a search on Rudolph King revealed relevant information. According to Lexus Nexis, Rudolph King is Owner,

Director and Chairman of The King Humanitarian & Global Foundation, Inc. (KHGF). KHGF initials match the business name initials on the Application for Delivery of Mail Through Agent for Mail Boxes Etc. Additionally, Rudolph King is Owner and Partner of a company called SALUTE TO GREATNESS located at

45. Based on the above information and my experience, it appears that KLEVER ROSALES may be a pseudonym for Rudolph Kermit King or another individual.

Relevant Conduct

46. On or about July 22, 2007, ROSALES previously submitted a fraudulent payment to the IRS in the amount of \$800,000 on behalf of SGI. This was intended to be an estimated tax payment. The payment credit was subsequently reversed; a bad check penalty of \$16,000 was assessed and posted to ROSALES' account. On October 31, 2007, ROSALES inquired about the \$800,000 refund with an IRS UCA.

Probable Cause

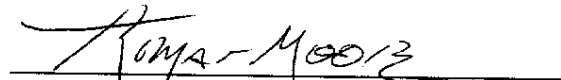
47. Based on the above facts and documents submitted by ROSALES, I have probable cause to arrest KLEVER ROSALES (a.k.a. RUDOLPH

KERMIT KING) on one count of filing a false claim in violation of Title 18 § 287 in 2007.

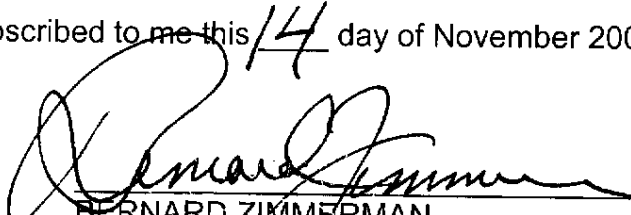
48. In consideration of the foregoing, your Affiant respectfully requests that this court issue an arrest warrant for KLEVER ROSALES (a.k.a. RUDOLPH KERMIT KING).


Patrick J. Ernst
Special Agent
Internal Revenue Service
Criminal Investigation

Approved as to form only:


Thomas Moore
Assistant United States Attorney

Sworn and subscribed to me this 14 day of November 2007,


BERNARD ZIMMERMAN
United States Magistrate Judge